

FIFTEENTH ANNUAL REPORT

2008 - 2009

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ARCHANA SOFTWARE LIMITED

Regd. & Admn. Office :

No.64, Velachery Main Road, Sankaran Avenue,
Velachery, Chennai - 600 042.

ARCHANA SOFTWARE LIMITED

Board of Directors

D. Ravisankar
Director

M.B.Sekar
Director

S.Ravi Shankar
Director

Auditors

M/s. Baskaran & Co.
Chartered Accountants
12, Avenue Road,
Rathinam Complex, II Floor,
Nungambakkam, Chennai - 600 034.

Bankers

Tamilnadu Mercantile Bank Ltd.
T.T.K Road, Chennai-14

HDFC Bank Ltd
I.T.C Centre
Anna Salai, Chennai.

Registered Office

No. 64, Velacherry Main Road,
Sankaran Avenue,
Velachery, Chennai – 600 042.

ARCHANA SOFTWARE LIMITED

NOTICE

Notice is hereby given that the Fifteenth Annual General Meetings of the Company will be held on Tuesday, 29th September 2009 at 10.00 a.m. at N.M.S.Marriage Hall, 61F Main Road, Velachery, Chennai-600 042 for transacting the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended 31st March 2009 and the Balance Sheet as on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a director in the place of Mr. M.B. Sekar, who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.
3. To appoint Auditors and to authorize the Board to fix their remuneration.

By Order of the Board

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PLACE: CHENNAI,
DATE : 01.09.2009.

Sd/-
D. RAVISANKAR
DIRECTOR

ARCHANA SOFTWARE LIMITED

NOTES

1. A member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and on a poll to vote instead of himself. The proxy need not be a member of the Company. A blank proxy form is enclosed. The proxy form duly stamped and executed, should be deposited at the Registered office before the commencement of the meeting.
2. The Register of the Members and Share Transfer Register of the company will remain closed from 26th September 2009 to 29th September 2009 (both days inclusive).
3. Members are requested to notify change in address, if any, to the Company's Secretarial Department at No. 64, Velachery Main Road, Sankaran Avenue, Velachery, Chennai - 600 042, quoting the folio number.
4. Members/ proxy holders are requested to produce at the entrance, the attached admission slip for admission to the meeting hall.
5. In the case of joint holders, if more than one holder intends to attend the meeting, they must obtain additional admission slip on the request form from the Registered Office of the Company on or before 16th September 2009.

By Order of the Board

PLACE: CHENNAI,
DATE : 01.09.2009.

Sd/-
D. RAVISANKAR
DIRECTOR

ARCHANA SOFTWARE LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Fifteenth Annual Report on the working of the Company along with the audited Balance Sheet and Profit Loss Account for the year ended 31st March 2009.

FINANCIAL RESULTS

	Rs. In Lacs 2008 - 09	Rs. in lacs 2007-08
Software Income	34.04	36.50
Other Income	0.00	0.00
Profit/ (Loss) before tax	4.70	03.05
Profit/ (Loss) after tax	4.70	03.05
Balance carried to Balance Sheet	(766.62)	(771.31)

DIVIDEND

No dividend has been recommended for the year.

OPERATIONS

The Company is making all out efforts to market the various software products developed by it - software in the areas of designing and planning in Textile industry, Inventory Management, Hotel Management, Payroll Management etc,. The company's turnover had marginally decreased from Rs.36.50 lacs in the previous year to Rs.34.04 lacs in the current year. The reason for such decrease is due to global economic meltdown. However, your directors are confident of registering substantial increase in turnover and profits in the coming years.

FUTURE PLAN

The company would further push its marketing efforts for the sale of various software programmes it has developed and would soon restart its software development activities in a big way.

The Company has approached the Bombay Stock Exchange for the revocation of suspension in the trading of its scrips. Your directors are very confident of getting the suspension revoked in the next few months time.

Your company has initiated steps for the amalgamation of M/s. Shakthi Knitting Limited, Tirupur, into it. Approvals of the Stock Exchanges and other regulating agencies are awaited. On obtaining these approvals, which are expected shortly, the Hon'ble High Court of Madras would be approached for proceeding further in the matter.

ARCHANA SOFTWARE LIMITED

Information Pursuant to Section 217(1) (E) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Since the Company is engaged in the Computer Software Development, the question of conservation of Energy and Technology Absorption does not arise.

B. FOREIGN EXCHANGE EARNING AND OUTGO

There was no foreign exchange expenses and incomes during the year.

C. PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956.

During the year, no employee was paid more than Rs.1,00,000/- per month or Rs.12,00,000/- per annum.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

- i. That in the preparation of Annual Accounts, the applicable Accounting Standards have been followed and no material departures have been made from the same.
- ii. That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company for that period.
- iii. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. That they have prepared the annual accounts on the 'going concern' basis.

ARCHANA SOFTWARE LIMITED

CORPORATE GOVERNANCE:

A report on Corporate Governance, pursuant to clause 49, is annexed hereto and forms part of this report. A certificate from M/s. Baskaran & Co, Chartered Accountants, Chennai, Statutory Auditors of the Company regarding compliance of conditions of corporate governance stipulated by the stock exchanges is annexed to this report.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

In accordance with the listing agreement, the Management Discussion and Analysis Report are annexed hereto and forms part of this report.

AUDIT COMMITTEE

Your company has complied with the provisions of Section 292A of the Companies Act, 1956 as to constitution of Audit Committee with Mr. G. Sekar, Mr. Deepak Jain and Mr. S. Ravishankar being members of the said committee. The committee met four times during the year.

PUBLIC DEPOSIT

The Company has not accepted any deposit from the public during the year under review.

LISTING

The Shares of your company are presently listed in the Madras Stock Exchange and Bombay Stock Exchange (BSE). However, trading of company's scrips is suspended for the time being due to non-compliance with some of the procedural requirements. The company has since filed the necessary documents with BSE and is hopeful of revocation of suspension very shortly.

DIRECTORS

a. Re-appointment:

Mr. M.B. Sekar, Director of the Company retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.

ARCHANA SOFTWARE LIMITED

AUDITORS

M/s. R. Baskaran & Co, Chartered Accountants, Chennai, is eligible for reappointment as statutory auditors and they shall hold the office till the conclusion of next Annual General Meeting. A certificate to the effect that, if appointed, such appointment will be within the limits under Section 224(1B) of the Companies Act, 1956, has been obtained from them.

GENERAL

The Management is grateful to the shareholders, valued customers, bankers and vendors for the continued support and co-operation.

The Directors also wishes to place on record their appreciation of the support and co-operation of all employees to enable the company to achieve its growth plans.

On behalf of Board of Directors

PLACE: CHENNAI,
DATE : 01.09.2009.

Sd/-
D. RAVISANKAR
DIRECTOR

ARCHANA SOFTWARE LIMITED

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST MARCH 2009

A. Philosophy on code of Governance:

Your company's policy on governance has been

1. To enhance the long-term interest of its shareholders and to provide good management, the adoption of prudent risk management techniques, compliance with the statutory requirements and thereby safeguarding the interest of shareholders, creditors, investors and employees.
2. To identify and recognize the Board of Directors and the Management of our company as the principal instrument through which corporate governance principles are articulated and implemented.

B. Board of Directors

Composition :

As of 31st March 2009, there were 3 Directors on the Board managing the company's business.

The function, responsibility, role and accountability of the Board are well defined. The Board approves the annual budget. The detail reports of the company's performance are periodically placed before the Board.

During the period under the review, 6 Board Meetings were held namely, on 30.04.2008, 30.07.2008, 29.08.2008, 31.10.2008, 30.01.2009 and 16.03.2009.

Structure of the Board for the year ended 31st March 2009.

Name of Directors	Category	Membership/ Chairman ship held in committees of other companies	No. of other Director shipsheld	Number of Meetings Attended	Attendance at last AGM
D. Ravisankar	Executive	-	-	6	YES
G. Sekar	Independent	-	-	6	YES
M.B. Sekar	Independent	-	-	6	YES

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However, the board was reconstituted with cessation of following director appointed by the board of directors with effect from 31st October 2008:

Name Directors	Category
Deepak Jain	Independent

C. Committees of the Board :

The board of directors has consulted the following committees with commensurate delegation of powers to discharge affairs of the company on a periodical basis as well as to meet the business exigencies of the company.

1. Business Development Committee of Directors:

Term of reference :

a. For administrative convenience and quicker decisions, the committee was constituted in the line with the provisions of section to the needs.

For the year ended 31st March 2009 the committee met on the following dates:

11.04.2008, 30.07.2008, 31.10.2008, 30.01.2009, 16.05.2008, 29.08.2008, 28.11.2008, 30.03.2009, 27.06.2008, 29.09.2008, 31.12.2008.

a) Composition :

Name of the members:

G. Sekar

M.B. Sekar

Deepak Jain resigned from 31.10.2008

2. Audit committee :

Term of reference:

- 1) To provide direction and to oversee the operations of the audit functions in the company.
- 2) To review the internal audit system with special emphasis on their quality and effectiveness.
- 3) To review half yearly and annual financial results before submission to the Board.
- 4) To investigate into any matter in relation to the items specified in Section 292A of the companies.
- 5) To have full access to information contained in the records of the company and external professional advice, if necessary.